# ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. (A NON-PROFIT CORPORATION)

## INDEPENDENT ACCOUNTANTS' REPORT AND COMPILED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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Release Date 1/24/02

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Bruno & Tervalon ur Certifica Public Accountants

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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA

### INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors

Algiers Enterprise Community Council, Inc.

New Orleans, Louisiana

We have compiled the accompanying statement of financial position of the Algiers Enterprise Community Council, Inc. (the Council) (a non-profit corporation) as of December 31, 2001 and the related statement of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Bruno & Jervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2002

### ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.

# STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2001

#### **ASSETS**

Cash and cash equivalents (NOTE 3) Grants receivable Employees receivables	\$ 4,018 8,007 <u>4,005</u>
Total assets	\$ <u>16,030</u>
LIABILITIES AND NET ASS	<u>ETS</u>
Liabilities:	
Accounts payable	\$ 9,435
Payroll taxes payable	11,443
Due to others	1,021
Note payable	2,665
Total liabilities	<u>24,564</u>
Net Assets (NOTE 2):	
Unrestricted net assets	<u>(8,534</u> )
Total net assets	(8,534)
Total liabilities and net assets	\$ <u>16,030</u>

The accompanying notes are an integral part of these financial statements.

### ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2001

Revenues and Other Support	
Grants	\$105,310
Miscellaneous	1,342
Total revenues and other support	<u>106,652</u>
Expenses	
Salaries, wages and related taxes	72,101
Accounting fees	5,100
Part-time clerk	8,540
Clothing	47
Administrative cost	500
Auto allowance	500
Professional fees	243
Bank charges	646
Food supplies	770
Equipment	1,036
Books and pamphlets	1,014
Insurance	1,024
Interest expense	282
License and fees	5
Office supplies	1,508
Miscellaneous support	254
Rent and leases	220
Rent	4,953
Repairs and maintenance	57
Telephone - long distance	144
Telephone	7,688
Taxi transportation	3,600
Conventions/travel	6
Total expenses	110,238
Change in net assets	(3,586)
Net assets, beginning of year	(4,948)
Net assets, end of year	\$ <u>(8,534</u> )

The accompanying notes are an integral part of these financial statements.

### ALGIERS ENTERPRISES COMMUNITY COUNCIL, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows from Operating Activities	
Change in net assets	\$(3,586)
Adjustments to reconcile changes in net assets	
to net cash provided by operating activities:	
(Increase)/decrease in:	
Grants receivable	510
Due from other funds	577
Employee advances	(1,134)
Increase(decrease) in:	
Accounts payable	4,568
Federal taxes payable	5,384
State taxes payable	(95)
Due to other	(577)
Wages payable	<u>(2,027)</u>
Net cash provided by operating activities	3,620
Cash Flows from Financing Activities	
Proceeds from long-term debt	2,665
Payment on line of credit	(3,000)
Net cash used in financing activities	<u>(335</u> )
Net increase in cash and cash equivalents	3,285
Cash and cash equivalent, January 1, 2001	<u>733</u>
Cash and cash equivalents, December 31, 2001	\$ <u>4,018</u>

The accompanying notes are an integral part of these financial statements.

## ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - Organization:

The Algiers Enterprise Community Council, Inc. (the Council) was formed on February 26, 1996 as a non-profit organization to provide services in emergency housing, educational and vocational training, health care services, transportation services, and other related economic development programs within Orleans Parish and the State of Louisiana. Also, the Council was organized to provide assistance and educational material with respect to the development, operation and maintenance of affordable, safe, sanitary and decent housing.

### NOTE 2 - Summary of Significant Accounting Policies:

The financial statements and the supplemental schedule are prepared in accordance with generally accepted accounting principles and are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Basis of Reporting**

The Council has adopted SFAS No. 117 which established standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) accordingly to externally (donor) imposed restrictions.

# ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

### NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting, Continued

A description of the three (3) net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Council are included in this category. The Council has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Council, and therefore, the Council's policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At December 31, 2001 the Council did not have any temporarily or permanently restricted net assets.

### Cash and Cash Equivalents

Cash consist solely of demand deposits and a money market account that is secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three (3) months or less are considered to be cash equivalents for purposes of the statement of cash flows.

# ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### NOTE 3 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts have been determined by the Council using available market information and appropriate valuation methodologies. The Council considers the carrying amounts of cash and cash equivalents, and accounts receivable to be the fair value.

#### NOTE 4 - <u>Income Taxes</u>:

The Council is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

### NOTE 5 - <u>Contingencies</u>:

The Council administers and participates in certain grant funded programs. In connection with the administration and operations of these grants, the Council is to expend grant funds and allocations in accordance with program guidelines and regulations. However, should the Council have operated/administered the grants in a manner which would be non-compliance with the guidelines and regulations, the Council may be required by the funding sources to repay some portion or all of the grant award.

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### ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The most is available for public inspection at the lation of the lagranity and office of the Legislative Additor and, where appropriate, at the office of the parish clerk of court.

Release Date\_\_\_\_\_



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# INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Michael B. Bruno, CPA Alcide J. Tervalon, Jr., CPA Waldo J. Moret, Jr., CPA

To the Board of Directors

Algiers Enterprise Community Council, Inc.

New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Algiers Enterprise Community Council, Inc. (the Council), the Legislative Auditor, and State of Louisiana solely to assist the users in evaluating management's assertions about the Council compliance with certain laws and regulations during the year ended December 31, 2001 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

#### Federal, State and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year. The Federal, state and local programs for the fiscal year are as follows:

Grant Name	Grant Year	Contract <u>Number</u>	<u>Amount</u>
Emergency Shelter Grant	01/01/01-12/31/01	ESG-015A	\$ 2,062
	01/01/01-12/31/01	ESG-016A	21,863
Algiers Enterprise Community	07/01/00-06/30/01	00-MYR-092	18,194
Substantability Initiative	07/01/01-11/30/01	01-MYR-065	15,000
Louisiana Commission of Law	10/01/00-09/30/01	COO-9-002	25,185
Enforcement	10/01/01-09/30/02	CO1-9-002	23,858
Total expenditures			\$ <u>106,162</u>

- 2. For each Federal, state, and local award, we randomly selected six (6) disbursements from each award administered during the period under examination, provided that no more than thirty (30) disbursements would be selected.
- 3. For the items selected in procedure 2, we traced the six (6) disbursements to supporting documentation as to proper amount and payee.
  - We examined supporting documentation for each of the six (6) selected disbursements and found that payment was for the proper amount and made to the correct payee.
- 4. For the items selected in procedure 2, we determined if the six (6) disbursements were properly coded to the correct fund and general ledger account.
  - The six (6) payments were properly coded to the correct fund and general ledger account.
- 5. For the items selected in procedure 2, we determine whether the six (6) disbursements received approval from proper authorities.
  - Inspection of documentation supporting each of the six (6) selected disbursements indicated approvals from the Chairperson and the Financial Secretary.
- 6. For the items selected in procedure 2: for federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

#### Activities allowed or unallowed

We reviewed the previously noted disbursements for types of services allowed or not allowed and determined that such services complied with the allowability requirements.

#### Eligibility

We reviewed the previously noted disbursements for eligibility and determined that individuals receiving certain goods or services were eligible as established by the grant agreement.

### Reporting

We reviewed the previously listed disbursements for reporting requirements and determined that such disbursements agreed to the request for reimbursement of funds submitted to the funding source.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

We compared the close out report to the financial records of the Council and noted no differences.

#### Meetings

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8. We were not provided with evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meeting law).

#### Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

The Council provided comprehensive budgets to the applicable federal, state and local grantor agencies for the previously mentioned programs. These budgets specified the anticipated uses of the funds, estimates of the projects' duration and plans showing specific goals and objectives that included measures of performance.

#### Prior Comments and Recommendations

10. We reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

The Council did not have any prior year suggestions, recommendations and/or comments.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Algiers Enterprise Community Council, Inc., and the Legislative Auditor and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Jervalon LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2002



# LOUISIANA ATTESTATION QUESTIONNAIRE (For Attestation Engagements of Quasi-public Entities)

Bruno & Tervalon, LLP, CPAs
4298 Elysian Fields Avenue
New Orleans, LA 70122
In connection with your compilation of our financial statements as of <a href="December 31, 2001">December 31, 2001</a> and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.
These representations are based on the information available to us as of June 24, 2002.
Federal, State, and Local Awards We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.
Yes [X] No []
All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.
Yes [ ] No [X]
The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.
Yes [X] No []
We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement matters contained in the grant awards, eligibility requirements, activities allowed an unallowed, and reporting and budget requirements.
Yes [X] No [ ]
Open Meetings Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).
Yes [] No [X]
Budget For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance  Yes [X] No []
Prior Year Comments
We have resolved all prior-year recommendations and/or comments.
Yes [X] No [ ]

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We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Program Coordinat



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Waldo J. Moret, Jr., CPA

#### INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors

Algiers Enterprise Community Council, Inc.

New Orleans, Louisiana

We have compiled the financial statements of Algiers Enterprise Community Council, Inc. (the Council) for the year ended December 31, 2001, and have issued our report thereon dated June 24, 2002.

In applying agreed-upon procedures, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This letter does not affect our report dated June 24, 2002 on the financial statements of the Council.

This report is intended solely for the information and use of the Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

# INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT (CONTINUED)

To the Board of Directors

Algiers Enterprise Community Council, Inc.

New Orleans, Louisiana

We have already discussed many of these comments and suggestions with appropriate personnel of the Council, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2002

# ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. MANAGEMENT LETTER COMMENTS

#### 01-1 Employees Receivables

We noted during our attestation engagement that management of the Council was unable to reconcile the employees receivables account due to misclassifications in the general ledger in the current and prior year. As of the end of our fieldwork, management was unable to reconcile the account. As such, we were unable to determine the detail of the balance as of December 31, 2001.

We recommend that management of the Council adhere to establish procedures regarding advances and reimbursement to employees.

#### 01-2 Fixed Assets

We noted during our attestation engagement that management of the Council did not have a capitalization policy for fixed assets purchases.

We recommend that management develop a fixed asset capitalization policy.

### 01-3 Open Meeting Law

We noted during our attestation engagement that management of the Council did not indicate that the agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:4.1 through 42:13 (the open meetings law).

We recommend that management of the Council adhere to the open meeting law.

## ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. MANAGEMENT LETTER COMMENTS, CONTINUED

#### 01-4 Grants

We noted during our attestation engagement that revenues and expenses for the Louisiana Commission of Law Enforcement grant were not maintained on the accrual basis. As such, revenues and expenses were not properly stated for the period ending December 31, 2001. Generally Accepted Accounting Principles (GAAP) requires the financial statements be prepared on the accrual basis.

We recommend that management of the Council establish procedures regarding recording transactions on the accrual basis.

### 01-5 Federal Tax Deposits

We noted during our attestation engagement of the Council that management did not make timely federal tax deposits throughout the year. As such, the Council maybe incurring interest and penalties due to the failure to make timely federal tax deposits. The IRS regulations require the timely deposit of payroll taxes within established thresholds.

We recommend that management of the Council timely make tax deposits in accordance with the IRS regulations.

## ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC. MANAGEMENT LETTER COMMENTS, CONTINUED

### 01-6 Financial Management

We noted during our attestation engagement that the Council experienced a deficit in the amount of \$3,586 for the period ending December 31, 2001. We also noted that net assets approximated a deficit of \$8,534 as of December 31, 2001. It is very important for the Council to implement proper budgeting and financial management procedures to ensure the Council continues as an operating entity.

We recommend that the management of **the Council** implement proper budget and financial management procedures as well as generate general operating funds to cover deficit. We also recommend that financial statements be prepared on a timely basis, preferable monthly but no less than quarterly, and be reviewed with the Board of Directors. Minutes of the meetings of the Board of Directors should reflect evidence of such a discussion.



ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.

### **ALGIERS**

# COMMUNITY OUTREACH PROGRAM (ACOP)

"ADDRESSING DOMESTIC VIOLENCE"

1111 Newton Street – Suite 109 New Orleans, Louisiana 70114

(504) 366-ACOP (2267) • FAX (504) 368-ACOP (2267)

June 30, 2002

Bruno & Terraton, LLP Certified Public Accountants 4295 Elysian Fields Avenue New Orleans, LA 70122

Geatlement

Please except this letter as our corrective action plan to your management letter comments dated lune 24, 2002, in connection with your Agreed-Upon Procedures engagement for our fiscal year ended December 31, 2001.

#### 01-1 Employees Receivables

We have requested our external accountant to research the detail of the employees receivable account and upon completion we will take the necessary steps to correct this condition. We have also discontinued the practice of advances to employees.

#### 61.2 Fixed Assets

We have since established the policy of capitalizing all fixed assets with an acquisition costs of \$500 or more and a useful life of more than one year.

#### 01-3 Open Meeting Law

Effective immediately we will adhere to the open meeting law.

#### 01-4 Grams

We have requested that our external accountant immediately begin to prepare our financial statements on a full account basis. We will also request that they begin to prepare our monthly costs control statements and reconcile the costs controls to the monthly financial statements.

#### 01.5 Federal Tax Deposits

The failure to make timely tax deposits have been caused by timely reimbursements from funding agencies. We will immediately take the necessary action to correct this condition in the future.

#### 01-07 Tipontial Management

The Board will take the necessary action to proceed with fundraising activities to address the deficit condition. We will also request our external accountant to further analyze our financial statements for accuracy and reflect the statements on a full account basis. In addition, we will request that future financial statements be on an accrual basis.

If you have any questions, please do not hesitate to contact me.

Sincerely,

eet, Mr. Leo Dunn, External Accountan